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C O N F I D E N T I A L LA PAZ 001166

SIPDIS

PLEASE PASS TO USAID/LAC JOSE CARDENAS AND JEFFREY BAKKEN.

E.O. 12958: DECL: 05/19/2018
TAGS: [PGOV](#) [PREL](#) [BL](#)
SUBJECT: BOLIVIA: USAID PORTFOLIO REVIEW UPDATE

REF: A. LA PAZ 695
[1](#)B. LA PAZ 1079

Classified By: CDA R. Urs for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: This cable updates REFTEL A, which announced the launching of the sensitive Government of Bolivia (GOB) review of the USAID portfolio. The review continues, although in recent weeks the GOB has announced it will accelerate the process by cutting out previously requested program presentations and field visits while focusing efforts on reviewing documentation and information requested by the GOB while holding back on financial and personal information protected by U.S. commercial law and the Privacy Act. The GOB interests around the portfolio review table appear to range from a genuine need to better understand how USAID works to a focus on greater control or flat out stopping at least parts of the program. Post is concerned that it is the latter that will prevail and that another attack on USAID may be in the wings. END SUMMARY

[1](#)2. (C) The GOB launched the four-step portfolio review in mid March; sought to finish it in thirty days; intensely reviewed the Integrated Alternative Development (IAD) program; but quickly fell behind schedule on what has been a frustratingly ad hoc and improvised process. During these initial weeks, the review was driven largely by the Ministry of the Presidency and included a strong political flavor. The review has slowed IAD program implementation, creating frustrations on the part of the Vice Ministry of Coca and Integrated Development (USAID's technical counterpart, who needs assistance to advance coca control), and tensions between this Vice Ministry and the GOB reviewers.

[1](#)3. (C) After receiving in-depth IAD presentations and speaking with project implementers, local officials and beneficiaries on field trips to the Yungas and Chapare, the GOB switched tactics pushing to accelerate the process while focusing strictly on a rapid document review. The GOB has requested summary financial, impact and related information on projects and programs, as well as the back up documentation (copies of contracts, sub contracts, etc) it

claims to need to corroborate the summary information. The change in tactics and the sudden desire to hurry give us pause.

¶4. (C) In the last two portfolio review meetings, we have noted more leadership from previously absent players, such as the Minister of Planning and the Vice Minister of Public investment and External Finance - VIPFE (USAID's and donor's official GOB counterparts) as well as technocrats from the ministries of planning, commerce, and at least two line ministries. Different players seem to have different agendas and so far, the GOB is not speaking with one voice.

¶5. (C) Generally, the technocrats from Planning, VIPFE, and the line ministries appear focused on the legitimate issue of value for money from USAID, whereas the Presidency representative Albaracin, has a more political agenda aimed at control and perhaps stopping at least some programs. Albaracin has used the review to complain about what he claims is our expensive and inefficient method of delivering development assistance via projects. He appears to want more funds to go to the GOB for implementation by public sector institutions. These however, have not yet shown their capacity to deliver assistance, achieve results, and account for funds.

¶6. (C) The GOB has requested a large amount of information as part of the review. These requests put us between a rock and hard place. We suspect that whatever we give them may very well be used against us. However, refusing to share information enables them to attack us for bad faith and opacity. We've chosen a middle ground and on May 19 handed over some of the backup documentation requested. The package includes summary financial, impact and other information on projects and programs, but excludes that information protected by U.S. law (personal data and certain kinds of financial information.)

¶7. (C) What the GOB will do with the information is not yet clear, but signs (including a recent meeting between the Ambassador and the Vice President, see reftel B) suggest several possibilities. On the one hand, they may want to alter parts of the USAID Democracy program or close it down entirely. Then again, they may reiterate past requests to quickly pass parts of the portfolio from implementation by NGOs and contractors to the GOB. While this would be somewhat, but not entirely, consistent with the principles of the Paris Declaration on Aid Effectiveness (to which the USG is a signatory), the GOB does not at present have the capacity to comply with requirements governing the use of U.S. funds. The GOB may also simply distort and misrepresent the information to discredit the U.S. and USAID in the court of public opinion, a tactic they have tried in late August 2007 and which, judging by media reports, was not effective. Unfortunately, the possibility that the GOB intends to use the review to negotiate good faith adjustments to USAID's program seems like a long shot.

¶8. (C) COMMENT: The political calendar has shifted markedly since the portfolio review began, with the landslide victory of the May 4th referendum on the Santa Cruz Autonomy Statutes and the promulgation by President Morales of the Law on the Revoking of Mandates (of the President, Vice President, and Prefects). One wonders whether such high stakes electoral politics will put attacks on USAID on the back burner or make them valuable political currency. The bottom line is that we don't know what the GOB is planning to do with this information but are not optimistic. END COMMENT.

URS